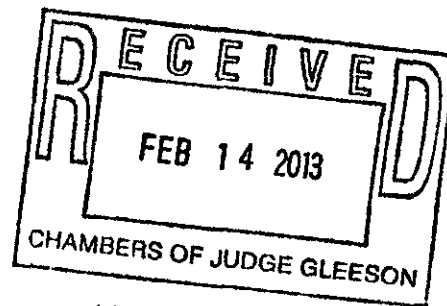


The Honorable Judge John Gleeson
United States District Judge
United States Courthouse
225 Cadman Plaza
Brooklyn, New York 11201



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IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.
★ FEB 14 2013 ★
BROOKLYN OFFICE

Dear Judge Gleeson

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This letter might provide some added insight into dealings at hsbc and I am sorry that I cant give my name but they have a strict non disclosure policy.

Don't believe for a minute that upper management didn't suggest and condone and in fact insist that ~~their staff conduct money laundering~~, wire fraud and other violations of the banking laws and subsequent cover up – this was not just a few rogue business relationship managers but the culture at the bank. This was necessary if you wanted to keep your job and make your bonuses. Of course not all of the employees complied and those that did not produce big numbers received poor ratings. Their policy has always been and to this day continues that they will conduct any and all business that makes a profit and if they get caught as long as their profit exceeds any fine or other sanctions they are ahead of the game. Customer service and fraud investigations are a needless expense and do not provide any revenue to the company. Willful blindness is not in the hsbc employees guide! And david bagley the compliance guy that stepped down at the senate hearing - that was a real joke - nobody at hsbc in the US had ever heard of him before and he was not a policymaker!

For many years hsbc hired a mix of former law enforcement and bank people to staff the security, aml, fraud and investigative departments, believing that if they have former law enforcement people the regulators will look the other way.

In 2003 they hired former FBI agents Vince Piazza, Bruce Brady and Dave Todtenhagen for their security departments and things were fine until they began to identify large scale fraud and began to investigate hundreds of business loan frauds and discovered that millions in cash moved through shell companies which were never vetted to be legitimate – the addresses provided on the loan applications were mail-drops, abandoned storefronts or buildings and even vacant lots. Piazza, Todtenhagen and Brady were fired by Paulette Crooke after they began to make waves about the ~~shady business loans~~ as well as wire transfers and fraud securities transactions. HSBC brought in Simon Hales who was in charge of their Brazil hsbc security and Kathy Gatens from another bank. Hales and Gatens quickly changed reporting fraud policy across the board restricting the types and scope of cases and ordering staff not to make reports to law enforcement or file sars and discontinue looking into hsbc securities, international wire cases and to downplay the mortgage fraud.

In 2009 just prior to the 2010 aml cease and desist order, the bank transferred Hales to head up security for hsbc in Mexico - what a surprise! Then they hired former USSS Greg Regan and Gatens became liaison between security and aml – Regan was a puppet and never did anything, allowing the businesses to do whatever they wanted because they were making money. Regan only stayed a short time most likely because he didn't want to become embroiled in the coming federal investigations. It is also not surprising that Gatens recently removed the title of fraud aml liaison from her linked page!

After the last big hsbc aml cease and desist issue back in 2010 hsbc was closely watched by the regulators so Gatens and her management team hired a large number of "contingency workers" in NYC and elsewhere to review cases for sar filing. Unfortunately all of these people were hired more or less off the street, paid the minimum wage because reporting these issues does not generate income for hsbc and could conceivably bring the feds in. They also had no fraud or money laundering investigative experience, received no training or instruction and were hobbled by time constraints to review each case within minutes like an assembly line so when they came across a potential fraud they would usually slide it thru so not to be called on the carpet. If they needed to file a sar it was easy to misspell a name or type incorrect information on the sar so it was not flagged by the regulators which would cause trouble for the company.

Then we have the hsbc wires - they send thousands each day and mysteriously there has never been any fraud or money laundering reported to the feds and no sars are filed because they are electronic, not ~~paper transfers. How can this be - hundreds of millions of international money transfers with no fraud?~~

And the hsbc securities area operates autonomously from the rest of the bank because they bring in the real big money! Again each day hundreds of millions dollars of domestic and international money transfers and mysteriously there has never been any fraud or money laundering reported to the feds and no sars are filed.

And so not to bore you I won't even go into the number of fraud mortgage "liar loans" with hsbc employees changing income and savings, etc., on mortgage applications and no vetting of information which resulted in first payment defaults and bankruptcy.

I know that the government has settled the case with hsbc but if you think they are going to go straight because of the fine and warnings you are woefully mistaken because they will continue to flaunt the regulations as long as it will generate a profit. The Brits run this company and they will leave the US within the next few years because of the new guidelines and regulators anyhow.

Every day I read publications condemning the settlement as just another case in which big business is allowed to do whatever they want. You have it within your power to send a message back to the US Attorneys Office to pursue this case more vigorously rather than just accept the fine proceeds and pray that they will improve their policy - they cannot be trusted to self-police unless they can make a profit. Also while the company makes excuses for their illegal actions nothing can excuse the local hsbc employees in the US that knew the regulations but went ahead and broke the law for financial gain.

Thanks for taking the time to read this.